

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 541 - HB 573

March 12, 2023

SUMMARY OF BILL: Increases, from five to seven, the number of children who are unrelated to the primary caregiver and that an agency must care for for at least three hours a day to be considered a child care agency.

FISCAL IMPACT:

**Decrease State Revenue – \$15,300/FY23-24 and Subsequent Years/
Department of Human Services**

Assumptions:

- Pursuant to the Tenn. Code Ann. § 71-3-501, there are currently three types of child care agencies:
 - Family child care homes, which provide care to between 5 and 7 children unrelated to the primary caregiver;
 - Group child care homes, which provide care to 8 to 12 children unrelated to the primary caregiver; and
 - Child care centers, which provide care to 13 or more children unrelated to the primary caregiver.
- Licensed child care agencies must complete an annual application to operate a child care agency, which includes a \$100 application fee.
- Pursuant to Tenn. Code Ann. § 71-3-502(h), all application fees will be paid into the General Fund, but must be earmarked for the Department of Human Services (DHS) for the improvement of child care quality.
- There are currently 229 family child care home providers registered with the DHS.
- It is assumed that 153 (229 x 2/3) providers care for five or six children. For purposes of this analysis it is assumed that this number will remain constant.
- Therefore, the proposed legislation would result in a decrease of state revenue of \$15,300 (153 x \$100) in FY23-24 and subsequent years.
- The reduction in the number of child care agencies will lead to a reduction in the necessity for eight Licensing Consultants; however, these positions are completely funded with federal expenditures. It is assumed that these positions will remain with DHS and be utilized to reduce the average number of caseloads per consultant.
- It is further assumed that the proposed legislation will not decrease the amount of federal funding received by DHS.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/cd